

## **Part 7**

### **Corporation Frauds**

#### **76-10-701 Definitions.**

As used in this part:

- (1) "Bona fide stockholder of record" means a stockholder of record who has acquired stock in good faith and is acting for a proper purpose reasonably related to his interests as a stockholder.
- (2) "Director" means any of the persons having by law the direction or management of the affairs of a corporation, by whatever name the persons are described in its charter or known by law.

Enacted by Chapter 196, 1973 General Session

#### **76-10-702 Fraudulent signing of stock subscriptions.**

Every person who signs the name of a fictitious person to any subscription for, or agreement to take, stock in any corporation existing or proposed, and every person who signs to any subscription or agreement the name of any person, knowing that the person has no means or does not intend in good faith to comply with all the terms thereof, or under any understanding or agreement that the terms of the subscription or agreement are not to be complied with or enforced, is guilty of a class B misdemeanor.

Enacted by Chapter 196, 1973 General Session

#### **76-10-703 Fraudulent documents relating to organization or increase of capital stock.**

Every officer, agent, or clerk of any corporation, or any person proposing to organize a corporation, or to increase the capital stock of any corporation, who knowingly exhibits any false, forged, or altered book, paper, voucher, security, or other instrument of evidence to any public officer or board authorized by law to examine the organization of the corporation, or to investigate its affairs, or to allow an increase of its capital, with intent to deceive the officer or board in respect thereto, shall be guilty of a felony of the third degree.

Enacted by Chapter 196, 1973 General Session

#### **76-10-704 Misrepresenting person as officer, agent, member or promoter.**

Every person who, without being authorized so to do, subscribes the name of another to, or inserts the name of another in, any prospectus, circular, or other advertisement or announcement of any corporation or joint stock association, existing or intended to be formed, with intent to permit it to be published, and thereby to lead persons to believe that the person whose name is so subscribed is an officer, agent, member, or promoter of such corporation or association, is guilty of a class B misdemeanor.

Enacted by Chapter 196, 1973 General Session

#### **76-10-705 Concurrence by director in dividend or division of capital in violation of law.**

Every director of any stock corporation except savings and loan or building and loan associations who concurs in any vote or act of the directors of the corporation or any of them, by which it is intended either:

- (1) to make any dividend except as permitted by Title 16, Chapter 10a, Utah Revised Business Corporation Act; or
- (2) to divide, withdraw, or in any manner pay to the stockholders, or any of them, any part of the stated capital of the corporation except as permitted by Title 16, Chapter 10a, Utah Revised Business Corporation Act, is guilty of a class B misdemeanor.

Amended by Chapter 6, 1992 Special Session 3

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**76-10-706 Unlawful acts by director, officer or agent.**

Every director, officer, or agent of any corporation or association who knowingly receives or possesses himself of any property of such corporation or association, otherwise than in payment of a just demand, and who, with intent to defraud, omits to make, or to cause or direct to be made, a full and true entry thereof in the books or accounts of the corporation or association; and every director, officer, agent, or member of any corporation or association who embezzles, abstracts, or willfully misapplies any of the money, funds, or credits of the corporation or association; or who, without authority from the directors, issues or puts in circulation any of the notes of the corporation or association; or who, without the authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of the corporation or association; or who issues any fraudulent, fictitious, or illegal stock in any such corporation or association, with intent in either case to injure or defraud the corporation or association, or any other company, body politic, or corporate, or any individual person, or to deceive any officer of the corporation or association, or any agent appointed to examine the affairs of any such corporation or association; and every person who, with like intent, aids or abets any officer, clerk, or agent in any violation of this section is guilty of a felony of the third degree.

Enacted by Chapter 196, 1973 General Session

**76-10-707 False reports.**

Every director, officer, or agent of any corporation or joint stock association who knowingly makes or concurs in making or publishing any written report, exhibit, or statement of its affairs or pecuniary condition, containing any material statement which is false is guilty of a class B misdemeanor.

Enacted by Chapter 196, 1973 General Session

**76-10-708 Refusing inspection of books.**

Every officer or agent of any corporation having or keeping an office within this state, who has in his custody or control the books of such corporation, and who refuses to give to a bona fide stockholder of record or member of the corporation, lawfully demanding during office hours, the right to inspect or take a copy of it or of any part thereof, is guilty of a class B misdemeanor.

Enacted by Chapter 196, 1973 General Session

**76-10-709 Presumption of director's knowledge of affairs.**

Every director of a corporation or joint stock association is deemed to possess a knowledge of the affairs of his corporation as to enable him to determine whether any act, proceeding, or omission of its directors is a violation of this part.

Amended by Chapter 20, 1995 General Session

**76-10-710 Presumption of director's concurrence in action if present at meeting -- Written dissent required.**

Every director of a corporation or joint stock association who is present at a meeting of the directors at which any act, proceeding, or omission of the directors in violation of this part occurs is deemed to have concurred therein, unless he at the time causes, or in writing requires, his dissent therefrom to be entered in the minutes of the directors or forwards his dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting.

Enacted by Chapter 196, 1973 General Session

**76-10-711 Foreign corporations subject to laws.**

It is no defense to a prosecution for a violation of any of the provisions of this part that the corporation was one created by the laws of another state, government, or country if it was one carrying on business or keeping an office therefor within this state.

Amended by Chapter 20, 1995 General Session